CASE STUDY 497

Policy Working Group Management

ABOUT THE CLIENT

Industry	Development Bank
Assets Under Mgmt.	$100 billion
Employees	12,000
Location	Global
BSI Service or Solution	Policy Advisory

Key Challenges
- World Bank sectoral loan was up for review.
- Subsidies needed to be progressively reduced as part of the incoming government's liberalization plan.

Why BSI was Selected
- Competence in supply chain economics.
- Experience facilitating diverse working groups.
- Capability to lead working groups and produce deliverables in French and English.

Project Scope
- Sectoral Adjustment Loan covered hard wheat, soft wheat, barley, dates, potatoes, olives and citrus products.
- Economic analysis covered all regions and all supply chain tiers.

Project Approach
- Interviewed diverse stakeholders, including farmers, producers, and government officials to decompose the tradable and non-tradable costs to arrive at the Domestic Resource Cost as a basis for subsidy liberalization.
- Decomposed economic aspects of inputs (e.g., fertilizers, seeds, etc.) and outputs (e.g., hard wheat).
- Benchmarked internal and external prices.
- Quantified Tunisia's comparative advantage of agricultural production for government subsidy reallocation decisions by applying a "domestic resource cost" methodology.

Financial Benefits Realized
- Progressive removal of subsidies to appropriate "strike price" levels enabled the sector to become globally competitive.
- National economy grew as an indirect result.

Operational Benefits Realized
- Efficiencies realized upstream (seeding, harvesting) and downstream (refining, distributing).
- Stakeholder awareness and alignment regarding the transition toward reduced and more tailored subsidies.